

1997-98 SESSION COMMITTEE HEARING RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 97hrJC-Fi_Misc_pt99_LFB

➤ Record of Comm. Proceedings ... RCP

➤ **

Regulation and Licensing

(LFB Budget Summary Document: Page 504)

LFB Summary Items for Which Issue Papers Have Been Prepared

| <u>Item #</u> | <u>Title</u> |
|---------------|---|
| 1,6 | Minor Policy and Technical Changes (Paper #700) |
| 2 | Information Technology Initiatives (Paper #701) |
| 3 | Revised Agency Credential Fees (Paper #702) |
| 5 | Supplies and Services Cost Increases (Paper #703) |

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE**Minor Policy and Technical Changes (Regulation and Licensing)****A. STANDARD BUDGET ADJUSTMENTS**

[LFB Summary: Page 504, #1]

Governor

Provide total standard budget adjustments for the agency of \$2,900 PR annually and -0.5 PR project position.

Modification

Provide an additional standard budget adjustment of \$4,800 PR annually for full funding of delayed pay adjustments.

Explanation: The executive budget book indicates that these full funding adjustments were provided to the agency; however, the bill did not actually include these funds. The modification provides the funding adjustments recommended by the Governor.

| <u>Modification</u> | <u>PR</u> |
|----------------------------------|-----------|
| 1997-99 FUNDING (Change to Bill) | \$9,600 |

B. ACCOUNTING OF MISCELLANEOUS REVENUES

[LFB Summary: Page 508, #6]

Governor

Provide increased expenditure authority of \$50,000 PR annually to recognize the actual costs of certain agency disciplinary action proceedings.

Modification

Provide an additional \$37,300 PR annually for total increased expenditure authority of \$87,300 PR annually for the actual costs of certain agency disciplinary proceedings.

Explanation: Current law permits the Department to assess reasonable expenses of hearing examiners and prosecuting attorneys and for the agency's disbursements for the service of process, certification of records, costs of supplies, expert witness fees and court reporting services. Currently, the agency treats any such revenues received as refunds of enforcement expenditures. However, state accounting procedures specify that such assessments should be recorded as additional revenues to the agency and the previously offset costs of agency disciplinary actions should instead be recognized as increased expenditures.

The modification provides total expenditure authority of \$87,300 PR annually to fund the costs of these disciplinary proceedings. This revised funding level is based on the average annual amount of cost assessments billed by the agency during the three most recent fiscal years.

| <u>Modification</u> | <u>PR</u> |
|----------------------------------|-----------|
| 1997-99 FUNDING (Change to Bill) | \$74,600 |

MO# modification
A + B

| | | | |
|--------------------------|-----|---|---|
| 2 BURKE | (Y) | N | A |
| DECKER | (Y) | N | A |
| GEORGE | (Y) | N | A |
| JAUCH | (Y) | N | A |
| WINEKE | (Y) | N | A |
| SHIBILSKI | (Y) | N | A |
| COWLES | (Y) | N | A |
| PANZER | (Y) | N | A |
| 1 JENSEN | (Y) | N | A |
| OURADA | (Y) | N | A |
| HARSDORF | (Y) | N | A |
| ALBERS | (Y) | N | A |
| GARD | (Y) | N | A |
| KAUFERT | (Y) | N | A |
| WILSON LINTON | (Y) | N | A |
| COGGS | (Y) | N | A |

Prepared by: Tony Mason

AYE 16 NO 0 ABS 0

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|---|
| <p>To: Joint Committee on Finance</p> <p>From: Bob Lang, Director Legislative Fiscal Bureau</p> |
|---|

ISSUE**Information Technology Initiatives (Regulation and Licensing)**

[LFB Summary: Page 504, #2]

CURRENT LAW

The Department's general program operations appropriation has base level supplies and services funding of \$1,640,000 PR annually and base level permanent property funding of \$68,500 PR annually. Of these amounts, \$10,000 PR annually of supplies and services funding and all of the \$68,500 PR annually of permanent property funding (for a total of \$78,500 PR annually) have been identified by the agency as the base level funding available for IT equipment purchases.

GOVERNOR

Provide \$250,100 PR in 1997-98 and \$128,600 PR in 1998-99 for the following information technology initiatives: (1) installation of an interactive voice response system to permit the processing of an increased volume of incoming telephone messages due to the agency assuming responsibility for regulation of security guards beginning July 1, 1997, and a subsequent upgrade to that system to accommodate other licensed professions (\$45,200 PR annually); (2) the design, acquisition, development and testing of an applicant tracking system based on imaging technologies to expedite initial credentialing and renewal functions (\$42,900 PR in 1997-98 and \$3,200 PR in 1998-99); (3) contract programmers to design, program, test and implement a more decentralized client/server data management system capable of accommodating data imaging and interactive voice response functions (\$140,400 PR in 1997-98 and \$51,900 PR in 1998-99); (4) in-agency maintenance and technical support costs associated with increasing access to agency databases through DOA-provided internet connections (\$1,400 PR annually);

and (5) additional LTE funding to permit the hiring of minority student interns to assist with the development and implementation of agency IT projects (\$20,200 PR 1997-98 and \$26,900 PR 1998-99).

DISCUSSION POINTS

1. With the exception of the interactive voice response system recommendation, which added funding in 1998-99 for a subsequent system expansion and upgrade, the Governor adopted as his recommendations the Department's original IT-related budget proposals, as submitted.

2. As part of the recommendation to fund the installation of the interactive voice response system at \$45,200 PR annually, the Department would allocate \$7,500 PR from available base level IT equipment permanent property funding in 1997-98 to offset a portion of the total equipment costs associated with this project. The Governor's recommended funding increase for 1997-98 is net of these offsetting base level funds.

3. Further, as part of the recommendation to fund the automated applicant tracking system at \$42,900 PR in 1997-98 and \$3,200 PR in 1998-99, the Department would allocate the remaining available base level IT equipment permanent property funding in 1997-98 (\$61,000 PR) to offset a portion of the equipment costs associated with this project. The Governor's recommended funding increase for 1997-98 is net of these offsetting base level funds.

4. Finally, as part of the recommendation to hire additional contract programmers to implement a more decentralized client/server data management system at a cost of \$140,400 PR in 1997-98 and \$51,900 PR in 1998-99, the Department would allocate the entire available base level IT equipment permanent property funding in 1998-99 (\$68,500 PR) to its supplies and services line to offset a portion of the contract programming costs associated with this project. The Governor's recommended funding increase for 1998-99 is net of these offsetting base level funds.

5. Between the dates of the agency's original budget submission and the introduction of the biennial budget bill, a s. 16.515 request relating to Department IT needs was approved by the Committee on January 17, 1997. However, the budget bill does not account for the impact of the s. 16.515 approval on the agency's IT funding needs. As a result, the above three budget provisions have been affected in two ways.

6. First, increased base funding of \$48,000 PR will be added by the s. 16.515 action to the agency's previously identified IT equipment base level resources (\$10,000 PR of supplies and services funding and \$68,500 PR of permanent property funding) to provide a total of \$127,300 PR annually for this purpose in the agency's general program operations appropriation. All of these funds were, however, then earmarked under the s. 16.515 action to support the

annual master lease costs of IT equipment purchases made in accordance with a DOA standard of replacing such equipment on a four-year cycle. As a result of this reallocation, the \$68,500 PR annually of IT equipment permanent property funding has already been committed to these master lease payments and consequently is no longer available to offset the costs previously identified under each of the above three budget provisions. Consequently, if the Committee now acts to approve any of the three IT-related budget recommendations that would also utilize these base level funds, it must provide additional funding for each such provision in the amount of the previously planned offset.

7. Second, increased one-time funding of \$250,000 PR in 1996-97 was provided to support three contract programmers to reprogram and convert the agency's existing credential holder system to a more decentralized client/server data management system. According to the agency's budget narrative, this conversion effort is expected to be completed by December, 1997. Thereafter, the additional contract programmers recommended in the bill would then install the optical imaging and interactive voice capabilities on the new system during the 1997-98 fiscal year, and then pursue other unspecified applications development and on-going system maintenance activities during the 1998-99 fiscal year.

8. With respect to this optical imaging and interactive voice response system project, questions may be raised concerning: (a) whether additional funding should be provided by the Committee at this juncture for the 1998-99 fiscal year to support other as yet unspecified applications development activities; and (b) whether the use of contract programmers for the purpose of providing on-going system maintenance is the most cost-effective use of resources. No questions have been identified concerning the agency's other IT-related projects, all of which appear to be reasonable.

9. However, the Committee could delete the requested funding of \$51,900 PR in 1998-99 for the contract programmers. If the Department later wishes to pursue new applications development projects and finds that the existing 2.0 FTE applications development staff is unable to undertake these activities or to meet the agency's system maintenance needs, R&L could return to the Committee with a s. 16.515 request specifically identifying its needs in these areas.

10. If the Committee deletes the 1998-99 funding for contract programmers, it would not have to restore \$68,500 PR of base level funding in that fiscal year originally proposed to offset the costs of that proposal but which are now being used for master lease payments. However, the Committee would still need to provide the additional \$68,500 PR to restore such costs for the 1997-98 fiscal year, if it chooses to approve the remaining IT initiatives recommended by the Governor.

11. Alternatively, if the Committee chooses to approve all of the agency's IT-related proposals, as recommended by the Governor, it should provide additional expenditure authority of \$68,500 PR in both 1997-98 and 1998-99 to fund a portion of IT equipment needs which can

not be supported by reallocated base level funding as originally envisioned in the agency's budget request.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$250,100 PR in 1997-98 and \$128,600 PR in 1998-99 for installation of an interactive voice response system, development of an applicant tracking system, implementation of a client server data management system, and other IT costs.

2. Modify the Governor's recommendation to provide an additional \$68,500 PR annually to replace base level funding which would have offset a portion of the costs of the interactive voice response system installation project, the applicant tracking system project and contract programmers for system redesign and maintenance but has now been committed for master lease payments.

| <u>Alternative 2</u> | <u>PR</u> |
|----------------------------------|-----------|
| 1997-99 FUNDING (Change to Bill) | \$137,000 |

3. Modify the Governor's recommendation by: (a) providing \$68,500 PR in 1997-98 to replace base level funding which would have offset a portion of the costs of the interactive voice response system installation project and the applicant tracking system project but has now been committed for master lease payments; and (b) deleting \$51,900 PR in 1998-99 for contract programmers for system redesign and maintenance activities.

MO# Alt 3

| <u>Alternative 3</u> | <u>PR</u> |
|----------------------------------|-----------|
| 1997-99 FUNDING (Change to Bill) | \$16,600 |

| | | | | |
|-------------------|----------------------------------|---|---|-----|
| BURKE | <input checked="" type="radio"/> | N | A | |
| DECKER | <input checked="" type="radio"/> | N | A | |
| GEORGE | <input checked="" type="radio"/> | N | A | |
| JAUCH | <input checked="" type="radio"/> | N | A | |
| WINEKE | <input checked="" type="radio"/> | N | A | SON |
| SHIBILSKI | <input checked="" type="radio"/> | N | A | |
| COWLES | <input checked="" type="radio"/> | N | A | |
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| JENSEN | <input checked="" type="radio"/> | N | A | |
| OURADA | <input checked="" type="radio"/> | N | A | |
| HARSDORF | <input checked="" type="radio"/> | N | A | |
| ALBERS | <input checked="" type="radio"/> | N | A | |
| GARD | <input checked="" type="radio"/> | N | A | |
| KAUFERT | <input checked="" type="radio"/> | N | A | |
| WILSON | <input checked="" type="radio"/> | N | A | |
| COGGS | <input checked="" type="radio"/> | N | A | |

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Revised Agency Credential Fees (Regulation and Licensing)

[LFB Summary: Page 505, #3]

CURRENT LAW

Provisions of s. 440.03(9) of the statutes require the Department of Regulation and Licensing (R&L) to include with each biennial budget request the results of its review of the administrative and enforcement costs that are attributable to the regulation of each occupation. Based on this review, R&L must recommend adjustments to the initial and renewal credential fees, when required, to reflect the proper apportionment of the costs of the agency's operations to each occupation.

Initial Credential Fees. For initial credentials, the license fee represents shared, budgeted administrative costs attributable to new licensees, such as the cost of processing applications and determining eligibility for licensure. These costs are divided equally by the projected annual level of new licensees. For the 1995-97 biennium, the initial license fee is set by statute at \$39.

Credential Renewal Fees. For credential renewals, an occupation's total renewal fee consists of two components: a fixed portion and a variable portion. The fixed portion represents shared, budgeted administrative costs charged equally to all regulated occupations, such as department-wide services that benefit all licensees. These common shared-cost items are divided among the estimated number of renewing license holders. For the 1995-97 biennium, the fixed cost renewal fee is \$41. The variable portion of the renewal fee consists of each occupation's attributed share of direct enforcement costs (as determined for the most recent prior fiscal year) divided by the total number of license holders in the occupation. For the 1995-97 biennium, the variable cost portion of the renewal fee adds from \$0 to \$331 to the cost of a license, depending on the enforcement experience of the occupation. For each occupation subject to licensure, the

fixed renewal costs and the apportioned variable costs (divided by the projected level of license renewals for that occupation) are combined to arrive at the amount of fee to be included in a statutory renewal fee schedule.

GOVERNOR

Adjust the initial and renewal license fee schedule for the various regulated occupations credentials, effective the later of September 1, 1997, or the first day of the second month after publication of the biennial budget act, as follows:

New Information Technology Fee. Newly establish as a part of the biennial recalculation of initial and renewal license fees, a separate "information technology fee" component to support the costs of all information technology (IT) initiatives in the agency's recommended budget. These IT costs would be apportioned uniformly to all credential holders who pay either an initial or a renewal fee and would result in a uniform increase in the cost of each initial credential fee or basic renewal fee by \$1.

Initial Credential Fee. Increase from \$39 to \$40 the statutory amount of the initial credential fee which a first-time applicant must pay when submitting application materials for an initial license. DOA has indicated that this \$40 fee contained in the bill does not include the new IT fee of \$1; however, it was the Governor's intent that this amount be incorporated into this initial credential fee. Therefore, the initial credential fee for the next biennial fee cycle should have been set at \$41.

Credential Renewal Fees. Reduce the basic non-variable component of the biennial license fee from \$41 to \$40. The proposed \$40 basic renewal fee would consist of \$39 required to support the other basic administrative costs of the agency and \$1 for the proposed separate IT fee. To this basic renewal fee amount, add from \$0 to \$302 as a variable cost component to reflect the enforcement costs associated with each occupation during the 1995-97 biennium. Also, as part of these adjustments, redesignate the "real estate corporation" license as the "real estate business entity" license.

The proposed fee amounts under the Governor's recommendations compared to current law are shown in the attachment to this paper.

DISCUSSION POINTS

1. *Information Technology Fee.* The Governor's recommendation includes R&L's proposal to establish a \$1 separate information technology fee component which would be incorporated into both the initial credential fee and biennial renewal fees assessed to all license holders. The amount of the fee has been determined by dividing the total required assessment

to fund the agency's biennial IT budget request (\$415,300 PR) by the projected number of new and renewing credential holders during the biennium (294,000), and rounding the result to the nearest whole dollar amount (\$1). This new fee component has been developed and applied as an agency initiative. Normally, the IT portions of the agency's budget request would have been included in the uniform administrative costs portion of the credential renewal fee calculation. There is no statutory language in the bill providing for the separate identification of an IT fee. Further, the current statute used as the basis for the agency's previous three biennial budget requests specifies that only two components be used in the fee recalculation: (a) the administrative costs of the agency; and (b) the enforcement costs of the agency.

2. The agency's stated rationale for the proposed separate IT fee is that improvements in information technology capabilities at R&L will benefit all credential holders by providing improved public information access, service improvements, and customer satisfaction. As a result, it is argued that these IT costs should be separately identified and apportioned to all licensees. However, the agency has now indicated that the proposed IT fee may not be a permanent feature in its fee structure. The Department has stated that a continuation of this separate fee component calculation would depend on the amount of IT funding identified for R&L for the 1999-2001 biennium, once the agency's strategic IT plan is revised and updated in 1998.

3. An argument can be advanced that R&L has not followed current statutory requirements in calculating the revised biennial fee. In assessing this argument, the Committee may wish to consider the following points:

- First, the statutes currently provide for a specified disaggregation of the agency's administrative costs into separate fee components for the purpose of developing biennial initial and renewal fees. Under current law, R&L is required to base its initial credential fees and the fixed portion of its renewal fees on the total level of administrative funding proposed in the biennial budget bill. Enforcement costs are required to be separately considered under the variable portion of the credential renewal fee. There is neither a requirement nor the explicit statutory authority for the agency to disaggregate other separate functional or programmatic components of the agency's general administrative costs as a part of the renewal fee calculation.

- Second, without a separate IT fee, the agency's IT costs would still be recovered through the normal fee-setting procedure. They would be a part of the overall administrative costs recovered through the fixed cost component of the fees. Budget increases (or decreases) for IT initiatives or any other general administrative costs would always be accounted for under the existing biennial recalculation process.

- Third, though R&L argues that its methodology would serve to identify a separate IT fee to all credential holders, the statutes only provide for a unitary initial fee and unitary renewal fees. There is no provision for any separate IT fee component to be identified nor does the bill identify in the statutory schedule of fees any such separate IT fee component.

- Finally, the establishment of one or more separate fee components for initial and renewal credentials can have the effect of not allowing the Department to recover its full administrative costs through its fee schedule.

4. This last consideration could have consequences with respect to the amount of fees actually charged to credential holders. For example, since the \$1 IT fee is set at the nearest whole dollar amount resulting from dividing the agency's total IT budget funding needs by the projected number of all credential holders, only \$294,000 of the required \$415,300 total cost of IT initiatives in the next budget would actually be recovered through the IT fee. As a result, the remaining \$118,300 cost of IT improvements would not actually be recovered through fees payable during the 1997-99 biennium. These costs would instead be funded from available program revenue balances.

5. Had the entire \$415,300 of identified IT funding needs been incorporated instead into total administrative costs of the Department under its traditional fee computation methodology, the resulting initial credential fee would have been set at \$41, and the resulting fixed portion of the renewal fee both would have remained at the current law level of \$41. [With the separate IT fee included, the bill would provide for a total initial fee of \$41 (as corrected to reflect the Governor's intent), but would provide for a total renewal fee fixed component of \$40, rather than the \$41 identified above.] The resulting \$1 increase to the renewal fee fixed component is due to the full apportionment of the \$118,300 of costs identified above. Since fees are set in whole dollar amounts, these additional costs would result in the need to round upward to the next whole dollar.

6. The current statutory fee-setting methodology does not provide for the development of separate fee components by R&L and the use of such separate fee components can result in fees different from those which would have been developed under the traditional statutory fee-setting methodology. The Committee could address this issue in one of two ways.

7. First, if the Committee determines that a separate IT fee component should not have been developed administratively for the 1997-99 biennium and that fees at least sufficient to fund the agency's IT funding needs should instead be established in accordance with the standard fee-setting methodology, it could adjust all renewal credential fees contained in the bill by an additional \$1 each as described above. This action would establish the renewal fees at the level required under the statutory recalculation process. This adjustment would increase revenues by an estimated \$166,500 PR in 1997-98 and \$68,100 PR in 1998-99 and GPR-Earned collections by \$18,500 in 1997-98 and \$7,600 in 1998-99. Under current procedures, these increased revenues would serve to offset costs used to determine the next biennial fee adjustments.

8. Alternatively, if the Committee believes that no separate IT fee component (or any other separate fee component) should be implemented administratively in the future, but that its use on a one-time basis would be preferable to a change of \$1 in each of the renewal fee amounts proposed by the agency, it could: (a) authorize the practice for the 1997-99 biennium;

and (b) include a statutory provision specifically prohibiting R&L from utilizing any additional separate fee components approach in developing recommended fee changes under s. 440.03(9) of the statutes in future biennial budget submissions.

9. *Initial Credential Fee.* The \$40 initial credential fee contained in the budget bill does not actually incorporate the \$1 IT fee amount. In a letter to the Committee dated May 5, 1997, DOA indicated that this \$1 adjustment was erroneously omitted from the statutory initial credential fee, and the fee should be revised to \$41 to properly reflect the Governor's original intent. When the Department set initial credential fee revenues to fund their share of the agency's budget, this \$41 fee was in fact assumed so there would be no fiscal effect associated with this change. Accordingly, the Committee may wish to adopt this correcting adjustment and establish the total initial credential fee at \$41.

10. *Credential Renewal Fees Technical Correction.* The Department now indicates that for two regulated professions (public accountants and fund-raising counsels), the fixed administrative cost element was not correctly reflected in the schedule of fees under the Governor's budget recommendations. The Department indicates that statutory renewal fees for these two occupations should be reduced from \$42 to \$40 to correctly reflect the allocation of fiscal administrative costs to these professions under the Governor's recommendation. There would be no fiscal effect associated with these two adjustments, as there are currently no licensees in these professions.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation except make the following correcting technical adjustments as requested by the administration: (a) establish the statutory total initial credential fee at \$41 rather than \$40 to reflect the Governor's original intent; and (b) reduce the statutory renewal fee for public accountants and fund-raising counsels from \$42 to \$40 to correctly reflect the impact of the Governor's budget recommendations on the actual renewal fee schedule. *[There is no fiscal effect associated with these changes since the Department's recommended budget already assumed a \$41 initial fee and there are no credential holders licensed as public accountants or fund-raising counsels.]*

2. Modify the Governor's recommendation by: (a) including a statutory change to prohibit the Department of Regulation and Licensing from utilizing any separate fee components (other than those currently specified) in developing recommended fee changes under s. 440.03(9) of the statutes for its biennial budget submissions; and (b) notwithstanding this general prohibition, including a session law provision authorizing the use of an information technology fee component for the 1997-99 biennium only.

3. Modify the Governor's recommendation by adjusting all renewal credential fees contained in the bill by an additional \$1 each to reflect the calculation of the fixed component

of biennial renewal fees in accordance with the statutory fee-setting methodology rather than developing a separate IT fee component. Increase revenues by an estimated \$166,500 PR-REV in 1997-98 and \$68,100 PR-REV in 1998-99 and GPR-Earned collections by \$18,500 in 1997-98 and \$7,600 in 1998-99. *[This action would have the effect of deleting the separate administratively established IT fee.]*

| <u>Alternative 3</u> | <u>GPR</u> | <u>PR</u> |
|----------------------------------|------------|-----------|
| 1997-99 REVENUE (Change to Bill) | \$26,100 | \$234,600 |

Prepared by: Tony Mason

MO# Alt 3

| | | | |
|-------------------|----------------------------------|------------------------------------|---|
| 2 BURKE | <input checked="" type="radio"/> | N | A |
| DECKER | <input checked="" type="radio"/> | N | A |
| GEORGE | <input checked="" type="radio"/> | <input checked="" type="radio"/> N | A |
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| WINTON | <input checked="" type="radio"/> | N | A |
| COGGS | <input checked="" type="radio"/> | N | A |

AYE 14 NO 2 ABS 0

ATTACHMENT

Current and Proposed License Renewal Fees

| Credential Type | Renewal Fee | | | Credential Type | Renewal Fee | | |
|---|-------------|----------|--------|--------------------------------------|-------------|----------|--------|
| | Current | Proposed | Change | | Current | Proposed | Change |
| Accountant, Certified Public | \$47 | \$46 | -\$1 | Land Surveyor | \$73 | \$68 | -\$5 |
| Accountant, Public | 41 | 42 | 1 | Landscape Architect | 41 | 40 | -1 |
| Accounting Corporation or Partnership | 41 | 40 | -1 | Manicuring Establishment | 41 | 40 | -1 |
| Acupuncturist | 95 | 72 | -23 | Manicuring Instructor | 138 | 111 | -27 |
| Advanced Practice Nurse Prescriber | 41 | 40 | -1 | Manicuring School | 85 | 117 | 32 |
| Aesthetician | 70 | 76 | 6 | Manicuring Specialty School | 41 | 42 | 1 |
| Aesthetics Establishment | 116 | 40 | -76 | Manicurist | 52 | 77 | 25 |
| Aesthetics Instructor | 117 | 141 | 24 | Marriage and Family Therapist | 63 | 65 | 2 |
| Aesthetics School | 74 | 114 | 40 | Nurse, Licensed Practical | 49 | 47 | -2 |
| Aesthetics Specialty School | 41 | 40 | -1 | Nurse, Registered | 46 | 45 | -1 |
| Appraiser, Real Estate, Certified General | 82 | 94 | 12 | Nurse-Midwife | 41 | 40 | -1 |
| Appraiser, Real Estate, Certified Residential | 82 | 100 | 18 | Nursing Home Administrator | 114 | 101 | -13 |
| Appraiser, Real Estate, Licensed | 49 | 71 | 22 | Occupational Therapist | 42 | 41 | -1 |
| Architect | 46 | 43 | -3 | Occupational Therapy Assistant | 41 | 41 | - |
| Architectural or Engineering Corporation | 41 | 40 | -1 | Optometrist | 69 | 57 | -12 |
| Auction Company | 41 | 40 | -1 | Pharmacist | 76 | 74 | -2 |
| Auctioneer | 41 | 99 | 58 | Pharmacy | 41 | 40 | -1 |
| Audiologist | 41 | 43 | 2 | Physical Therapist | 45 | 45 | - |
| Barber or Cosmetologist | 48 | 51 | 3 | Physician (MD & DO) | 102 | 109 | 7 |
| Barbering or Cosmetology Establishment | 41 | 40 | -1 | Physician Assistant | 48 | 50 | 2 |
| Barbering or Cosmetology Instructor | 83 | 138 | 55 | Podiatrist | 187 | 179 | -8 |
| Barbering or Cosmetology Manager | 52 | 60 | 8 | Private Detective | 212 | 177 | -35 |
| Barbering or Cosmetology School | 78 | 137 | 59 | Private Detective Agency | 41 | 40 | -1 |
| Cemetery Authority | 372 | 342 | -30 | Private Practice School Psychologist | 65 | 66 | 1 |
| Cemetery Preneed Seller | 59 | 60 | 1 | Professional Counselor | 53 | 54 | 1 |
| Cemetery Salesperson | 65 | 89 | 24 | Professional Fund-Raiser | 54 | 60 | 6 |
| Chiropractor | 151 | 161 | 10 | Psychologist | 124 | 106 | -18 |
| Dental Hygienist | 41 | 40 | -1 | Real Estate Broker | 106 | 124 | 18 |
| Dentist | 96 | 97 | 1 | Real Estate Business Entity | 72 | 70 | -2 |
| Designer of Engineering Systems | 41 | 46 | 5 | Real Estate Salesperson | 70 | 72 | 2 |
| Dietitian | 41 | 40 | -1 | Respiratory Care Practitioner | 42 | 41 | -1 |
| Drug Distributor | 41 | 40 | -1 | Security Guard | 41 | 40 | -1 |
| Drug Manufacturer | 41 | 42 | 1 | Social Worker | 43 | 43 | - |
| Electrologist | 56 | 76 | 20 | Social Worker, Advanced Practice | 47 | 45 | -2 |
| Electrology Establishment | 41 | 40 | -1 | Social Worker, Independent | 41 | 48 | 7 |
| Electrology Instructor | 73 | 85 | 12 | Social Worker, Independent Clinical | 50 | 56 | 6 |
| Electrology School | 63 | 70 | 7 | Speech-Language Pathologist | 46 | 43 | -3 |
| Electrology Specialty School | 41 | 40 | -1 | Time-Share Salesperson | 102 | 60 | -42 |
| Engineer, Professional | 43 | 42 | -1 | Veterinarian | 80 | 81 | 1 |
| Fund-Raising Counsel | 41 | 42 | 1 | Veterinary Technician | 42 | 41 | -1 |
| Funeral Director | 94 | 143 | 49 | | | | |
| Funeral Establishment | 41 | 40 | -1 | | | | |
| Geologist, Professional | 41 | 41 | - | | | | |
| Hearing Instrument Specialist | 287 | 199 | -88 | | | | |
| Interior Designer | 41 | 40 | -1 | | | | |

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Supplies and Services Cost Increases (Regulation and Licensing)

[LFB Summary: Page 508, #5]

CURRENT LAW

The Department of Regulation and Licensing (R&L) has base level supplies and services funding \$1,640,000 PR annually in its general program operations appropriation.

GOVERNOR

Provide additional funding of \$110,400 PR in 1997-98 and \$113,400 PR in 1998-99 for various supplies and services cost increases attributable to postage, printing, lease charges and the preparation of decorative wall certificates for licensees. Also included in the recommended supplies and services funding is \$20,000 PR annually for general, unspecified supplies services cost increases.

DISCUSSION POINTS

1. When R&L prepared its original budget proposal, total increased supplies and services funding of \$116,600 PR in 1997-98 and \$118,100 PR in 1998-99 was requested. Following a review of these request items, the Governor recommended an across-the-board reduction of 25% to the amounts requested for increased postage and mailing costs and for printing cost increases attributable to the regulation of new professions. These funding reductions amounted to \$26,200 PR in 1997-98 and \$24,700 PR in 1998-99 for these request items.

2. However, the Governor's budget recommendations also provide a \$20,000 PR annual increase for general supplies and services costs for R&L. This particular recommendation was a Governor's initiative and had the effect of offsetting most of the funding deleted from the request items subjected to the across-the-board reduction.

3. A review of the agency's supplies and services expenditures during the last three fiscal years indicates that the agency is closely budgeted relative to its needs; hence, the increased funding requested by the agency generally appears justified.

4. In the course of this review, however, base level funding of \$13,300 PR annually in unallotted reserve was identified. These supplies and services funds were originally placed in unallotted reserve during the 1994-95 fiscal year for certain temporary leased space costs associated with the initial licensing of social workers. This funding is not being used by R&L for space rental costs but has remained in the agency's base for undesignated purposes. Accordingly, the Committee could shift \$13,300 PR annually of undesignated base level funding from unallotted reserve to the agency's supplies and services line, and the Governor's recommendation to provide an additional \$20,000 PR annually of undesignated supplies and services funding for the agency could be reduced by an equivalent amount.

MODIFICATION TO BILL

Modify the bill by shifting base level funding of \$13,300 PR annually in unallotted reserve to the agency's supplies and services line and deleting an equivalent \$13,300 PR annually of the \$20,000 PR annually recommended by the Governor for increased general supplies and services costs.

| MO# | Modification | PR |
|----------------------------------|--------------|----|
| 1997-99 FUNDING (Change to Bill) | - \$26,600 | |

| | | | |
|-----------|---|---|---|
| BURKE | Y | N | A |
| DECKER | Y | N | A |
| GEORGE | Y | N | A |
| JAUCH | Y | N | A |
| WINEKE | Y | N | A |
| SHIBILSKI | Y | N | A |
| COWLES | Y | N | A |
| PANZER | Y | N | A |
| JENSEN | Y | N | A |
| OURADA | Y | N | A |
| HARSDORF | Y | N | A |
| ALBERS | Y | N | A |
| GARD | Y | N | A |
| KAUFERT | Y | N | A |
| LINTON | Y | N | A |
| COGGS | Y | N | A |

AYE 16 NO 0 ABS 0

REGULATION AND LICENSING

Additional Social Worker Section Member

Board of Social Workers, Marriage and Family Therapists and Professional Counselors

Motion:

Move to include statutory language adding an additional member to the 13-member Board of Social Workers, Marriage and Family Therapists and Professional Counselors. Provide that the new member must possess a doctorate in either sociology, psychology, criminal justice or other human service field and hold a faculty appointment at a Wisconsin college or university. Specify that the additional member would be assigned to the 5-member social worker section of the Board.

Note:

The 13-member Board of Social Workers, Marriage and Family Therapists and Professional Counselors is currently comprised of three licensed marriage and family therapists, four licensed social workers, three licensed professional counselors and three public members. For the purpose of regulation of the specific professions, the Board is divided into three sections: a social worker section, a marriage and family therapist section and a professional counselor section. Each section is comprised of the licensees for each profession and one of the public members of the Board. All members are appointed by the Governor, with Senate confirmation required. Board members receive a \$50 per diem and actual and necessary expenses.

This motion adds an additional member to the Board and assigns the new member to the social worker section.

NO# _____

| | |
|--------------|---|
| BURKE | A |
| DECKER | A |
| GEORGE | A |
| JAUCH | A |
| WINEKE | A |
| SHIBILSKI | A |
| COWLES | A |
| PANZER | A |
| JENSEN | N |
| OURADA | N |
| HARSDORF | N |
| ALBERS | N |
| GARD | N |
| KAUFERT | N |
| LINTON MURAT | N |
| COGGS | N |

15 NO 1 ABS
AYE

REGULATION AND LICENSING

Authority to Enforce the Collection of Cost Assessments

Motion:

Move to include statutory language specifying that costs assessed by the Department of Regulation and Licensing against a credential holder pursuant to a disciplinary proceeding shall accrue interest at the rate of 12% per year, commencing on the date that the payment of the costs is due as ordered by the Department, examining board, affiliated credentialing board or board. Further, specify that in addition to withholding restoration, renewal or issuance of a credential, the Department may collect costs assessed and any accrued interest by referring the matter to the Department of Justice for enforcement of collections.

Note:

Under current law, a credential holder whose credential is suspended, revoked or limited after a disciplinary hearing may be ordered to pay the costs of the disciplinary proceeding. If costs are assessed, the Department may not restore a revoked or suspended credential until the holder has paid the costs assessed. Until early 1996, legal proceedings were not brought against disciplined credential holders to collect assessed costs, since the Department always relied on its withholding of a credential as the means of enforcing payment.

In March, 1996, the State Controller recommended that orders to pay costs that were not satisfied within a reasonable period of time be referred to the Department of Justice for enforcement. The Department adopted this practice in July, 1996. In October, 1996, in *State of Wisconsin v. Dunn* a Dane County circuit court held that the Department only had the authority to deny a credential and that the Department of Justice could not enforce cost assessment collections.

This motion would specifically authorize the Department of Regulation and Licensing to refer cost assessment actions to the Department of Justice to enforce. The effect of the motion would be to address the *Dunn* decision holding that the Department of Justice lacked the authority to enforce collection actions on behalf of the Department of Regulation and Licensing.

The motion would also newly authorize the Department to collect interest on delinquent assessed costs at the rate of 12% per year. Currently, the collection of interest on delinquent cost assessments is not authorized.

MO# 1598

| | | | |
|-----------|-----|---|---|
| 2 BURKE | (Y) | N | A |
| DECKER | (Y) | N | A |
| GEORGE | (Y) | N | A |
| JAUCH | (Y) | N | A |
| WINEKE | (Y) | N | A |
| SHIBILSKI | (Y) | N | A |
| COWLES | (Y) | N | A |
| PANZER | (Y) | N | A |

| | | | |
|--------------|-----|---|---|
| 1 JENSEN | (Y) | N | A |
| OURADA | (Y) | N | A |
| HARSDORF | (Y) | N | A |
| ALBERS | (Y) | N | A |
| GARD | (Y) | N | A |
| KAUFERT | (Y) | N | A |
| LINTON MURAT | (Y) | N | A |
| COGGS | (Y) | N | A |

AYE 16 NO 0 ABS 0

REGULATION AND LICENSING

Electronic Submission and Transmission of Information to the Department

Motion:

Move to include statutory language to:

(1) Authorize the Department to promulgate rules to allow persons to submit applications for an initial or renewal credential by electronic means. Provide that the rules would have to specify procedures for paying any fee that is required and could waive any requirement that the application be executed, verified, sworn or made under oath.

(2) Clarify that the Department, rather than a board, would establish the style, content and format of application forms for an initial credential.

(3) Authorize the Department to make available for public inspection by electronic means a current register of the names and addresses of credential holders.

(4) Authorize the Department to develop alternative procedures for accepting notification of changes of a credential holder's name and address.

Note:

Current law does not authorize the submission of applications for credentials issued by the Department or the submission of name and address changes by electronic means. The Department currently maintains a printed register of the names and addresses of credential holders.

This motion authorizes the Department to develop rules establishing procedures for submitting credential applications electronically. In order to implement this provision, the Department would also be given explicit authority to determine the format of all initial credential application forms. The motion would also allow the Department to make available its current

register of credential holders to requesters by electronic transmission in addition to providing such information through a printed register.

Finally, the Department would be given the authority to develop alternative name and address change notification procedures (such as through the Internet).

MO# 1601

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|---------------|---|---|---|
| BURKE | Y | N | A |
| DECKER | Y | N | A |
| GEORGE | Y | N | A |
| JAUCH | Y | N | A |
| WINEKE | Y | N | A |
| SHIBILSKI | Y | N | A |
| COWLES | Y | N | A |
| PANZER | Y | N | A |
| JENSEN | Y | N | A |
| OURADA | Y | N | A |
| HARSDORF | Y | N | A |
| ALBERS | Y | N | A |
| GARD | Y | N | A |
| KAUFERT | Y | N | A |
| LINTON MURPHY | Y | N | A |
| COGGS | Y | N | A |

AYE 16 NO 0 ABS 0

REGULATION AND LICENSING

LFB Summary Items for Which No Issue Papers Have Been Prepared

| <u>Item #</u> | <u>Title</u> |
|---------------|---|
| 4 | Criminal Records Checks |
| 7 | Health Professions Enforcement Position |

LFB Summary Item for Introduction as Separate Legislation

| <u>Item #</u> | <u>Title</u> |
|---------------|---|
| 8 | Suspensions or Revocations of Credential for Failure to Pay Delinquent Taxes or Child Support |